



## **SLOW HOUSING MARKET IN SASKATCHEWAN HELPS IMPROVE AFFORDABILITY: RBC ECONOMICS**

**TORONTO, March 15, 2010** — The rebound in Saskatchewan's housing resale market has slowed down since late last year, which has limited price increases and improved affordability in the province in the fourth quarter of 2009, according to the latest housing report released today by RBC Economics.

"Resale activity in the Saskatchewan market has cooled in recent months, as more properties were put up for sale resulting in more balanced market conditions and smaller price gains," said Robert Hogue, senior economist, RBC. "The cost of homeownership in Saskatchewan still remains historically high due to a significant surge from late 2006 to early 2008."

The RBC Affordability measures for Saskatchewan, which capture the proportion of pre-tax household income needed to service the costs of owning a home, declined across all housing types in the fourth quarter of 2009 (a drop in the measure means an improvement in affordability).

The Affordability measure for the benchmark detached bungalow moved down to 40.8 per cent (a drop of 0.7 percentage points relative to the third quarter), the standard townhouse moved to 32.7 per cent (down 0.1 percentage points), the standard condominium to 27.3 per cent (down 1.1 percentage points) and the standard two-story home to 43.7 per cent (down 0.8 percentage points).

RBC's Housing Affordability measure for a detached bungalow in Canada's largest cities is as follows: Vancouver 69 per cent (up 1.4 percentage points), Toronto 49.1 per cent (up 0.1 percentage point), Ottawa 40.4 per cent (down 0.3 percentage points), Montreal 39.1 per cent (up 0.9 percentage points), Calgary 37.1 per cent (up 0.1 percentage point) and Edmonton 32.9 per cent (down 0.4 percentage points).

The report also looked at mortgage carrying costs relative to incomes for a broader sampling of cities across the country. For these cities, RBC has used a narrower measure of housing affordability that only takes mortgage payments relative to income into account.

The RBC Housing Affordability measure, which has been compiled since 1985, is based on the costs of owning a detached bungalow, a reasonable property benchmark for the housing market. Alternative housing types are also presented including a standard two-storey home, a standard townhouse and a standard condominium. The higher the reading, the more costly it is to afford a home. For example, an affordability reading of 50 per cent means that homeownership costs, including mortgage payments, utilities and property taxes, take up 50 per cent of a typical household's monthly pre-tax income.

### Highlights from across Canada:

- **British Columbia:** Home ownership costs are rising in B.C. as surging demand and a limited supply of homes for sale combine to make homes less affordable. All home affordability measures are above long-term averages in the province, a trend that is likely to continue in the future.
- **Alberta:** The lagging economic recovery in Alberta, compared to other provinces, has stabilized housing affordability rates. Excessive supply left over from last year's downturn and housing slump has limited increases in housing prices. Attractive affordability levels and additional economic recovery should boost housing demand over the next year.
- **Manitoba:** Manitoba's real estate market picked up considerably over the last quarter of 2009. Prices for condominiums and two-storey homes rose significantly as affordability levels declined across the province. Despite these increases, affordability levels are in line with long-term averages as Manitobans still see the costs associated with owning a home as manageable.
- **Ontario:** The housing market in Ontario has staged a remarkable recovery in the past year. Resale activity has recently reached record levels as prices have rebounded to new heights in most housing categories. This has caused only limited damage to housing affordability in the province as lower mortgage rates and growth in household income kept affordability levels close to long-term averages.
- **Quebec:** The provincial rally in the resale housing market shows few signs of slowing, as property values have fully recovered what little ground was lost during the downturn early last year. Home prices have risen substantially for most housing categories in the fourth quarter in Quebec, causing some of the sharper deteriorations in affordability among provinces.

- **Atlantic Canada:** Unlike many other parts of the country, housing on the East Coast continued to be affordable, with improvements across most housing types. Housing affordability in the region should remain positive, with most measures below long-term averages in the fourth quarter of 2009. This should support continued activity in the housing resale market, particularly in larger cities in the region.

The full RBC Housing Affordability report is available online, as of 8 a.m. E.D.T. today at [www.rbc.com/economics/market/pdf/house.pdf](http://www.rbc.com/economics/market/pdf/house.pdf).

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